DRAFT FINAL REPORT

GUYANA'S INTERNATIONAL TRADE POLICY OPTIONS AND STRATEGY

BUILDING EQUITY AND ECONOMIC PARTICIPATION(BEEP)PROJECT
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Acronyms

GSP	Generalized System of Preferences
MFN	Most Favoured Nation
CBERA	Caribbean Basin Economic Recovery Act
CARIBCAN	Caribbean/Canadian Agreement
CBI	Caribbean Basin Initiative
UR	Uruguay Round
TRIPS	Trade Related Intellectual Property System
TRIMS	Trade Related Investment Measures
CAP	Common Agricultural Policy
SAP	Special Access Program
GALs	Guaranteed Access Levels
MFA	Multifibre Agreement

I. INTRODUCTION

Background

This Report is meant to serve as an input to trade policy formulation and implementation. It is part of the effort of USAID through its Building Equity and Economic Participation (BEEP) Project to contribute to the economic reform process of the Guyana Government. Under this project, in the area of trade policy, a Strategic Plan was adopted by the Ministry of Trade, Tourism and Industry for enhancing its capacity to formulate and implement trade policies. In addition, proposals have been made for building a Trade Policy Unit within the Ministry. USAID with the approval of the Government of Guyana, contracted IGI International, Inc., to manage the BEEP Project. Anthony Peter Gonzales was contracted by IGI International, Inc., as the Consultant, to undertake the study. His expertise and experience are outlined in Appendix 3.

Scope of Work

Guyana’s international trade takes place under trading regimes such as the Generalized System of Preferences (GSP), the Most Favoured Nation Clause (MFN), the Lome Convention (Lome), the Caribbean Basin Economic Recovery Act (CBERA), the Caribbean/Canadian Agreement (CARIBCAN) and CARICOM. These trading regimes are now subject to significant changes which call for a re-examination of Guyana’s external trade policy in the years ahead. The trade policy options for Guyana, given its level of development, existing and potential export structure, and capacity to attract capital, etc., have been under scrutiny for some time both in the public and private sector.

Questions have been raised as to the extent and pace at which Guyana should go beyond its process of unilateral and regional liberalization and present WTO commitments, as well as the costs and benefits of post-Lome and FTAA arrangements. It is in this context that the Consultant was asked to examine, in consultation with the Public and Private Sector, some of these issues. More specifically he was entrusted with the following tasks:

- to review the existing trading arrangements (WTO, the Lome Convention, The Caribbean Basin Economic Recovery Act, CARIBCAN and CARICOM);

- to examine specifically the challenges and opportunities facing Guyana in the WTO, FTAA, post-Lome and CARICOM with the aim of elaborating strategies that would maximize benefits and minimize costs;

- ❖ to assess the significance of trade-related areas (environment, standards, technical barriers, intellectual property, etc) for market access; and finally

- ❖ to elaborate an international trade strategy for Guyana by examining the various trade policy options open to Guyana.

In Guyana, the process of macroeconomic and structural adjustment is well on its way. Programmes that seek on a macro-economic basis to correct variables such as prices, exchange rates, wages, public expenditure, trade deficits and debt levels have been implemented since 1989/1990. At the structural level, policies to enhance competitiveness have already been put in place and are being fine-tuned. Essentially, they relate to public sector modernization, private sector development, reform of the trade regime and the financial system, and the overhauling of the public sector investment programme. The liberalization process is expected to yield gains in income, employment and diversification of the production structure.

In the light of the above, the focus of this analysis in terms of the scope of work is on the following:

- A review of the external trade situation;

- An assessment of the trade liberalization process;

- An examination of the actual and potential exportable offer;

- A review of existing and prospective markets;

- An assessment of the nature of preference erosion in Lome, CARIBCAN and CBERA;

- An analysis of the impact of likely developments in post-Lome and FTAA arrangements;

- A study of the various trade integration options;

- An elaboration of an appropriate trade strategy.

The existing literature on the above has been reviewed as well as data has been collected and analyzed. A qualitative and quantitative assessment of the economic impact of preference erosion as well as new market access opportunities has been attempted. This was done in consultation with the private sector as part of on-going efforts to integrate the private sector into decision-making on trade policy which should have positive effects for the implementation of these agreements as well as for investment.

The institutionalization of the liberalization process within a multilateral framework began with the acceptance of bindings as well as limited time-phased reciprocity in a number of trade-related areas within the WTO (GATT 1994). It is now being extended regionally in FTA negotiations with the Dominican Republic, Columbia and the Andean Group. In the years ahead, further extensions of the liberalization process will be required as reciprocity is introduced in trade relations between developed and developing countries.

The Report focuses on the major trading relationships. Precise assessment of the consequences is difficult in view of the constant evolution of the global situation. No discussion of services is embarked upon at this moment in view of the limitations of time and resources.

Methodology

A review of the literature from Government and non-governmental sources was first conducted. This desk research formed the basis of conducting interviews and collecting statistical data and documentation. A selection of interviews was made based on the role played by various actors in external trade policy formulation. The relevant policy makers as well as the industry representatives in the private sector were accordingly targeted for interviews. (The list of persons contacted is shown in Appendix 2).

Information was gathered internationally and regionally, especially from CARICOM, the USITC, EC Commission, ACP Secretariat, World Bank, UNCTAD, and WTO. A Draft Report was then prepared and circulated for comments to the stakeholders who were then invited to discuss this report at a Seminar entitled “ Guyana’s External Trade Strategy with Particular Reference to FTAA and post-Lome Arrangements” held on Thursday,9 July 1998. This revised draft was then prepared based on the comments made at the Seminar.

II. NATURE AND PATTERN OF EXPORTS

The growth of Guyana’s exports accelerated at the beginning of the 1990s as compared to the period of the 1980s when it was quite slow and even negative in some sub-periods. Over the entire period from 1980 to 1997, little dynamism in exports in terms of the emergence of new exports has been exhibited. Traditional exports of sugar, rice, aluminum ores and rum still continue to dominate the export pattern even though their share has recently declined due to the increases in gold, diamonds, and shrimps along with some non-traditional agricultural and agro-processed items.

Slow product diversification has also been accompanied by slow market diversification. The USA, Canada and the EU have kept their dominant positions in Guyana's trade. The only noteworthy change is that recently Canada has been emerging as a more significant trading partner. CARICOM trade has not grown in much significance and no other identifiable regional markets have been penetrated.

In its largest market, the EU, Guyana is counted among the ACP countries that did not make use of the opportunities presented by trade preferences to diversify. Its trade performance has in fact been quite poor. The growth of its exports on this market has been quite slow. Even though the period 1980-1997 saw a faster growth rate of 3.9% as compared to the period 1976-1990 of 1.3%, the overall rate is still low for the entire period. The faster growth (8.5%) of exports in the last 7 years (1990-1997) largely conditions the performance of the 1980-1997 period[1]. (Table 1)

No new dynamic products on the EU market are also visible (Tables 2,3,4). Rice exports recently increased to metropolitan EU as compared to the earlier period because of the change in the regulation which limited access to the OCT countries.(Table 4). Other products have maintained their share in exports with recently the slight drop in sugar giving way to an increase in rice. (Table 3) Some decline in ethyl alcohol is observable in the 1991-1997 period as well as a significant jump in the exports of aluminum ores

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1 . Under Lomé, African, Caribbean, and Pacific (ACP) developing countries are granted quota-free and duty-free access to the EU market. Some of the ACP countries have gained entry into the EU market for certain "non-traditional exports." Examples include products such as processed rubber, cut flowers, cotton yarn, apparel, and wood products. However, with the exception of Mauritius, ACP countries generally have not been able to fully exploit these preferences. Specifically, in case studies of a number of ACP countries, the following problems were cited: ". . . low priority given by ACP States to trade policy; very small manufacturing sector; lack of production capacity to increase export supply; inability to conform to EU quality standards; inadequate access to export finance; lack of market knowledge; lack of technology; shortage of trained, skilled manpower." A recent assessment of the impact of the trade preferences under Lomé identified these products as examples of export development that was facilitated by the preferences. The report noted that the following countries were able to develop export markets for cotton yarn (Kenya, Zambia, and Zimbabwe) and apparel (Kenya, Ethiopia, Zimbabwe, and Mauritius). Imani Development (International) Ltd., *Evaluation of the Trade Provisions of the Lome Convention: Volume I, Main Report*, 1994, p. 2.

over the 1991-1992 period. Sugar also enjoyed some increase in the 1991-1997 period.

Generally, Guyana did not share in the expansion of exports from developing countries that took place since 1974 in spite of the special trade preferences received in OECD markets (GSP, Lome, CBI, CARIBCAN). Policies and institutions were not put in place to take advantage of these concessions by facilitating diversification and the development of supply capability. At one point Guyana was not even able to fill its quotas especially in sugar, not to mention promote new products.

Guyana’s exports were mainly in primary products which did not enjoy the expansion of world trade as experienced by manufacturers. Most of the primary products were and still are in areas with inelastic demand, so that the result of neglecting these exports was a further fall in its already small world market share. Even though there was some help from purchasers in the form of preferences, there was little assistance from foreign investors in trying to maintain this market share.

III. NATURE AND STRUCTURE OF INTEGRATION INTO THE WORLD ECONOMY

a. UNILATERAL AND REGIONAL LIBERALIZATION

Guyana has been following the 1993 CARICOM CET rate structure and its time phases as shown in TABLE 5. It has implemented all the phases except the last one which started at the beginning of 1998.

The maximum tariff had been reduced from 45 to 35% between 1990-1993. It was further dropped from 30/35 in 1993 to 20/25 in 1997. From 1990 to 1997, the maximum tariff therefore has dropped by 50%.

TABLE 5: 1993 CET RATE STRUCTURE AND ITS TIME PHASES

Period of Application	Implementation Period	Date Structure
1.1.93 - 31.12.94	1.1.93 - 1.7.93	5(0-5LDCs)to 30/35
1.1.95 - 31.12.96	1.1.95 - 1.7.95	5(0-5LDCs)to 25/30
1.1.97 - 31.12.97	1.1.97 - 1.7.97	5(0-5LDCs)to 20/25
1.1.98 onwards	1.1.98 - 1.7.98	5(0-5LDCs)to 20

Source: CARICOM Secretariat

In Table 6 below, decreases in the maximum CET tariff were set in 1993 for particular categories of goods. These have been implemented with the rates in the 1997 phase now applicable in the case of Guyana. More specifically, as shown in Table 7, applied rates have fallen appreciably in the food import sector, clothing and footwear, textiles and fabrics, intermediate goods, machinery and capital goods. Applied rates have remained the same or slightly increased for the beverages and tobacco sector, motor car vehicles and fuels.

The average weighted applied tariff recorded in 1997 is 13%, which is slightly less than the same tariffs in 1992. Effective rates are however very low and average from 1992-1997 at around 4%.

Guyana has had some appreciable trade liberalization. Up to 1990, trade restrictions had been based essentially on an elaborate system of import licensing and exchange control. The granting of import licenses had been largely related to the availability of foreign exchange. As a result, the extent of trade controls was effectively reflected in the degree of exchange rate restrictions. In 1991, the exchange rate was floated against the backdrop of the removal of restrictions on trade.

TABLE 6: RATE LEVELS FOR THE CET FOR 1/1/93 TO 1/1/98

CATEGORIES	1/1/93 to 31/12/94	1/1/95 to 31/12/96	1/1/97 to 31/12/97	From 1/1/98
1. Non-competing Primary, Intermediate and Capital Inputs*	5	5	5	5
2. Competing Primary Inputs and Capital Goods. Selected Exports	20	15	10	10
3. Competing Intermediate Inputs	25	20	15	15
4. Non-competing Final Goods	25	25/30	20/25	20
5. Agro-industry, Garments, General Manufactures	30/35	25/30	20/25	20

*0-5% for LDCs for all time phases in this category.

Source: CARICOM Secretariat

The process of trade reform started in 1990 with the removal of import licenses for goods purchased through the cambio exchange market. This followed a massive devaluation of the currency in 1989 in an attempt to align the official rate with the parallel rate. The effective rate of protection dropped by over 50% in 1990 as compared to its 1988 level. Thereafter, significant drops in protection are detectable. In 1991 the level of effective protection continued to fall appreciably. From there onwards, rates of protection stabilized, declining slightly further as a result of decreases in nominal tariffs. (Table 8)

On average developing countries, especially in Latin America, that have followed a process of gradual trade liberalization have tariffied quotas, licenses and other non-tariff barriers at a uniform high level of 50% in the first phase. In the second phase as the economy grows and the balance of payments improves, tariffs are then taken down to 10%. Such an approach is considered moderate and it allows competition at the margin.

Guyana’s better trade performance in the 1990’s facilitated the process of liberalization. There have been no reversals in trade policy and some correlation is even observable between trade liberalization and export growth indicating the positive effect of openness. Trade liberalization on the whole however is in a delicate stage. Macroeconomic stability is yet to be clinched and policies to ensure significant investment flows are still to be implemented.

Without the levels of human capital, technology and institutional development (in particular efficient export institutions), an outward orientation has been established. The real effective exchange rate (Table 8) set in 1990 has been more or less sustained through low rates of inflation. An aggressive real exchange rate policy can however only be maintained by a sustainable macroeconomic balance.

It is doubtful whether there are any gains from further liberalization. With such low effective rates of duty coupled with relatively porous borders, lack of administrative capacity and a low compliance rate, unilateral liberalization may well have run its course.

On certain specific products, high nominal protection rates are still afforded. Beverages and tobacco (where in some cases the maximum tariff reaches 100% even though the effective tariff is just 7-10%) enjoy high protection. Wood products, agricultural and agro-processed items, some durable consumer items as refrigerators, paints, detergents and fish products are also highly protected on average between 40%-45%. Licenses are still required for medicinal drugs, chilled meat and ammunitions. Livestock/animals, plant material, meat and meat preparation (poultry, etc.) and tobacco pay stamp duties. A 30% consumption rate is placed on most goods.

b. MFN (WTO)

In terms of its schedule of commitments in the WTO, no significant effort at trade liberalization is observable in the Uruguay Round (UR). The major change involved the binding of tariffs. Guyana did a 100% MFN binding on all agricultural and agro-processed goods and 50% for manufactured items.(Table 11) Exceptions were wine 50%, under-natured ethyl 50%, cigars 85%, tobacco 85%, jewelry 70% and petroleum oils at 50%. Import restrictions were removed and tarriffied before the conclusion of the UR in 1994. Guyana also committed itself to the reduction of domestic support and export subsidies for agricultural products as well as a 24% tariff cut in tarifficated tariffs on agricultural goods by the year 2004.

Implementation of the above UR will span 10 years for Guyana until 2005. Under its structural adjustment programmes domestic support and export subsidies have already been eliminated. Developing countries have eight years to eliminate export subsidies and 5 years to eliminate those based on the use of domestic inputs. Guyana has been exempted from the elimination of subsidies on domestic inputs.

Commitments have also been made on a reciprocal basis in trade-related areas such as trade-related intellectual property (TRIPS)and trade-related investment measures(TRIMS).

c. NATURE OF PREFERENCES AND PREFERENCE EROSION

1: Structure of Preferences

At present an estimated 45 % of Guyana’s exports enjoy preferences in external markets. These would be GSP, Lome, CBERA, CARICOM and CARIBCAN as shown in Table 9. Dependence on preference is heavy in the EU market where 87% of the exports to that market are subject to preference. In terms of the value of preferential exports, roughly 70% is in the EU market. As regards special preferences (preferential treatment not given under the GSP), 78% of Guyana’s exports are so covered in the EU market. This would constitute 84% of the total value of goods covered by exclusive special preferences under the CBI, Lome and CARIBCAN. Preferential exports to Canada and the US are 24% and 31% respectively. Special preference is much lower in the US and Canada. In CARICOM all exports receive special preference but the volume and value of such exports remain small. The critical importance of the EU market is therefore highlighted as a result of this heavy dependence on Lome special preferences.

In product and market terms, the main commodities that enjoy special preferences are sugar, rum and rice mainly on the EU market. (Table 10)

2. Impact of the Uruguay Round (UR)

3.NATURE OF PREFERENCE EROSION

Like other Caribbean countries, Guyana has access to a wider range of preferential schemes. In so far as the tariff cuts in the UR eroded the preferential treatment enjoyed by Guyana under the GSP, the Lome Convention, CBERA and CARIBCAN, the impact of the UR can be expected to be negative. Unlike other developing countries which can benefit from global liberalization by getting improved benefits in alternative markets, the scope would have been very limited for Guyana outside its traditional trading markets. The problem would have been further compounded by the lack of competitiveness.

Limited UR concessions by the EU and the US on agricultural products however served to protect certain agricultural exports from Guyana that are linked to the domestic protection systems of these countries. Nevertheless, the UR should reduce the prices paid for sugar and rice on the EU market and this should have a negative impact on the export earnings of Guyana.

A UR effect of a 7.9% increase in world market price of sugar as a result of a 34% tariff reduction and a 9% increase in the price of rice as a result of a 39% reduction of protection have been estimated[2]. Beverages such as rum will experience a 39% tariff or tariff equivalent reduction by developed countries and world market suppliers should benefit. Since the EU sugar price is tied to that set in the CAP, the effects of lower prices will not be fully felt until 1999 or 2000.

Under the WTO, the EU has the right to use safeguard tariffs until 2000. After that date, the EU will find it more difficult to keep sugar prices at a high level. The present reference price is based on the high price of imported sugar (intervention price).

The EU in 1995 began to tarifficate levies on certain agricultural products which would have affected certain concessions to the ACP in Lome 1V bis. These concessions were to help the ACP adjust after the UR and to prevent trade diversion. In Table 14, the new bound rates set for 2000 under the UR are shown. On average they represent a 30% reduction in nominal protection.

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2 Davenport, Michael et al, “Europe’s Preferred Partners? The Lome Countries in World Trade” Overseas Development Institute, London. 1995.

Rice producers get a price between the CAP price and world price. A sizeable fall in EU price is expected however as border protection and internal subsidies fall. A drop of 20% in EU CAP price is expected with a 9% fall in the price to ACP producers. For Guyana this could be a 10% loss in rice export earnings. A similar 10% fall in sugar earnings is anticipated. The entry of sugar deficit countries in EU and growth of consumption should ease this situation to some extent. However, no increase in the basic sugar Protocol price since 1986 has occurred.

Pressure for reduced prices in EU will continue. Improving productivity and reducing costs will be the key to survival in the market. Guyana has a few years to make the adjustment to these falling prices which in absolute terms could still make the market profitable for Guyana and allow time to adjust in terms of competitiveness.

Outside of the Protocols, the preferences are not particularly significant for Guyana. Not many products receive a tariff differential of over 5% vis-à-vis GSP and MFN competitors. Products that have a high preferential margin are canned tuna, bovine hides and skins, processed wood, some fabrics and clothing and furnishings. Effective protection in the EU is still high on processed items.

The UR will have some impact on garments with the Multi-Fiber Agreement (MFA) being phased out and low cost producers being able to displace high-cost producers. Its effect on Guyana would however be marginal as Guyana is not a significant exporter of garments.

Concessions have also been made on wood products in the WTO which have reduced the preferential margin enjoyed by Guyana. In Tables 12 and 15, the effect on exports is indicated in a summary way.

Estimates of overall gains and losses as a result of the WTO vary. An overall estimate of a 4.5% loss in export earnings has been estimated in one case[3] while a small increase in export earnings has been estimated in another[4].

The effects of tariff offers on trade flows are extremely difficult to calculate without detailed knowledge of elasticities and export structures. The impact of tariffication of NTBs will not be known until the tariffied levels are phased out. In addition, the

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3. Davenport, M, Ibid
4. World Bank, *Coping with Changes in the External Environment*, Report No. 12821, LAC

whole range of new issues in dispute settlement and trade-related areas will have some impact which will be difficult to assess for some time.

The dynamic effects are also hard to predict. They come from the increase in global income and demand. Shifts of preferences could also cause trade and investment diversion as well as new exports and production to arise.

Improved transparency will allow Guyana more opportunities to integrate into the world economy. Participation in the UR and WTO will also give some policy credibility to the reforms in Guyana even though the administrative cost of compliance with obligations could be relatively high.

3. NAFTA and CBERA

3.1) Trade Impact

The products that enjoy exclusive CBERA preferential treatment up to the end of 1997 for Guyana before the entry of NAFTA are few. One key product whose duties shall be removed in 7 or 10 years is rum. Mexico is strong in bulk rum exports. It has considerable advantages in rum production. Guyana produces branded rum which has a niche market and depends on marketing.

Guyana is not a major exporter of garments to the US. At one point in the 1970's the industry was developing with some potential but that was thwarted by the economic collapse that occurred in that period. There are some efforts recently to revive the sector and exports have been growing with the US. The scope however for expanding these exports would have become more difficult in view of the new Mexican position on the US market.

In addition to rum and garments, other areas where Mexico has gained an advantage over Guyana are as follows:

- Mexico will not pay seasonal duties in Canada on vegetables. Guyana has duty-free access like Mexico but must pay duties during seasonal period. Canada is a promising market for Guyana in this area.

- Shrimp exports could be affected by US duty reductions for Mexico. Mexican production will increase as well as its processing efforts.

- Mexico obtained a sugar quota (250,000 tons) twice its present size to be filled in seven years from 2001. Potentially this could squeeze Caribbean sugar quotas if Mexico decides to increase its domestic production.

In conclusion, the trade-diverting effects have been largely emphasized[5]. They come basically from increased Mexican competition as a result of better market access and lower production costs that will emerge from greater competition in the larger market. The low pre-NAFTA tariffs on Mexican exports to the US however as well as the low level of exports from Guyana made this direct impact rather negligible. Trade-creating income effects in NAFTA could be positive for expanding exports especially if better market access is obtained. (See Appendix 1 for a comparison between NAFTA and CBERA)

3.2) Investment Diversion

NAFTA removes the restrictions on the flow of investment within the North American region. Along with the removal of duty and other restrictions, this allows firms to rationalize production within NAFTA and vertically integrate operations through specialization and the achievement of economies of scale. In addition, by strengthening Mexico’s investment climate, more investment from non-NAFTA sources will be attracted to Mexico.

NAFTA made a radical departure by emphasizing national treatment. Advantages such as more stable access to the large North American market of 360 million people, improvement in financial markets, an improved dispute settlement mechanism in regard to both trade and investment and Mexico’s low wages, constitute incentives for investment. As a result, investment in such areas as the manufacturing of rubber products, footwear, cosmetics, chemicals and food processing could be diverted away from the Caribbean countries.

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5 Under assumptions of immediate removal of all tariffs and non-tariffs and infinitely elastic supply in Mexico, a World Bank study gives a trade diversion figure of between $35 and $53 million as the annual loss that would be incurred by the Caribbean each year after the implementation of NAFTA in the short term. To the extent that new capacity is set up in Mexico and constraints to production are removed, then potential losses will increase.

4. SINGLE EUROPEAN MARKET (SEM) AND LOME

In the SEM, falling prices and increasing incomes should lead to a faster rise in EU GNP in the coming years. The terms of trade are also expected to improve. These trade-creating developments could positively spill-over in terms of larger imports, especially if the EU has a high level of trade with third countries. Guyana is not too favoured in this regard in so far as it enjoys low shares in EU import markets.

The demand for Guyana's exports in the EU will significantly depend on their elasticities. With falling EU prices due to increased competition and more EU competitiveness, trade diversion will naturally occur. If goods are very price-elastic, a large fall in demand for these goods would occur since more of them will now be produced in the EU at lower prices. On the other hand, if they are very responsive to income increases with a high-income elasticity of demand, then the net trade effect could be positive. The balance between these two forces will therefore be largely determining. For commodity exports such as those being produced by Guyana, price and income elasticities are low and price elasticities are even lower than income elasticities. Trade diversion should not however result since these commodities are largely non-competing. They are in non-fuel primary products where there could be a trade-creating effect over the trade-diverting one. These would mainly be in the non-protected primary areas such as aluminum ores and some agricultural products.

d. OVERALL ASSESSMENT OF GUYANA'S INTEGRATION INTO WORLD ECONOMY

From the beginning of the 1990s, Guyana has accelerated its speed of integration into the world economy. The integration so far has however been unbalanced as seen from the high current account deficit as a percentage of GDP. In 1995/96 it was 19% when it should be around 3%. This implies that integration into the world economy remains import dominant as imports have been growing rapidly. Neither the terms of trade nor capital inflows (both official and non-official) have been favourable.

Integration into the world economy is also not sustainable with a fiscal imbalance that is 3.1% that should be 2% and a heavy dependence of revenue on GDP (over 30%). Consumption levels are over 40% of GDP and should be between 25-40%. Some real appreciation of the exchange rate is also beginning to show up.

Further unilateral liberalization in the above circumstances could be counterproductive especially since it would not yield any additional benefits and may provoke fiscal difficulties especially if alternative indirect and non-discriminatory taxes are difficult to find.

While the impact of NAFTA and UR have not been significant, they have however limited the scope for export diversification using preferences- a situation that has been further compounded by the European Single Market and Economy and the FTA enlargement of the EU to Eastern Europe and the Mediterranean. The main implication of the latter is that Guyana may well have to recover some ground in market access at the multilateral and regional level to boost its planned export expansion. In particular, it would need to equally improve its access to both the EU and North American markets. Furthermore, given the sensitivity of its products that would be subjected to contingent protection in the form of standards (current examples are wood, rum), environmental and labour norms, technical barriers, countervailing and anti-dumping duties, and restrictive rules of origin, an enhanced concept of market access that goes beyond duty-free access will be needed to increase the chances of market penetration in the years ahead.

Both the SEM and NAFTA have created more investment opportunities domestically with high rates of return. Investment diversion, therefore, has occurred. There is already some evidence that with higher growth expectations and lower capital cost, more global investment have been diverted into NAFTA and EU. It is going largely where economies of scale and comparative advantage could be explored. Since no additional domestic savings in NAFTA and the EU are expected from changes in financial conditions, and savings do not increase at current interest rates, no investment creation is likely. The available stock will therefore be re-distributed more in favour of these blocs, to the detriment of countries like Guyana. A key pull factor on investment therefore is whether the trade opportunities will be positive or negative as a consequence of the type of links developed with these regional blocs. If the net trade effect is positive, an additional inflow of market-driven investment could be forthcoming.

Finally, it is often assumed that the more concentrated a country’s exports on one of the trading blocs (EU, NAFTA or Asian Pacific), the more likely it will gain in an overall sense from better access to that trading bloc. The loss that would result from standing still and not obtaining similar access to other trading blocs would be less than the gains made from joining the bloc where the majority of its exports are channeled. The net result will therefore be positive. The opposite negative net effect can be expected if it remains outside its main trading bloc. This appears to be the rationale behind the trade bloc choice of Canada and Mexico. It is a model often applied to the Caribbean by suggesting that with the exception of a few traditional commodities (especially sugar and bananas) the bulk of Caribbean exports go to the US and as a result, NAFTA/FTAA should be the natural trade bloc choice of this region.

The above argument is not applicable to Guyana in so far as its exports are equally distributed between North America and the EU. In addition, there are no lingering traditional commodities that will easily go away with the end of preferences. Rather, the EU market could continue to represent the most likely outlet for these as well as potential non-traditional agricultural products.

Furthermore, the Uruguay Round has not brought the reduction in trade barriers in agriculture that were expected. One can therefore expect trade barriers to remain relatively high. Countries like Guyana with a narrow export base and experiencing special difficulties in diversifying would thus suffer a major loss if they cannot gain the security and breath of market access from more than one trading bloc. In the absence of more effective multilateral liberalization and/or a global free trade area, trade bloc choice should be broader in scope for these states.

IV. ACTUAL AND POTENTIAL DEMAND AND SUPPLY OF EXPORTS

a. Supply[6]

Guyana's exportable offer[7] is shown in TABLE 13. It comprises goods already being exported and which could be considered as export ready. A survey of production in agriculture would reveal that because of problems of post-harvest handling and transportation, lack of electricity, etc., exports of non-traditional items are now limited to heart of palm, pineapples and copra and some fruits and vegetables. From 1993 onwards, non-traditional exports in agriculture that have been growing in production are heat of palm, copra, mango, pumpkins, bora and eddoes. Pineapple production has remained stagnant. Plantains and lime have been showing some promise.

There may be also some prospects in coffee, cut flowers and exotic foliage, cocoa, cashew, and cassava but these are not

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6 This section benefited from a useful discussion with Mr. Gerry La Gra of IICA.

7 The author attempted to generate an exportable list of commodities, both actual and potential, and with 10-digit HS codes. The effort is not complete but the work done so far is attached in Appendix 4.

included in the exportable list below. In the manufacturing sector, non-traditional prospects appear to lie in leather goods, furniture and jewelry. Garment production has been on the increase and could be poised for further expansion. Increased volume is required in most cases to develop exports in these areas.

In the other natural resource sectors, the production of diamonds, gold, timber, metal grade bauxite, fish, shrimp, rice and sugar was on the increase. Rum production is stagnant. A classification of exports in terms of readiness, product category and scale would be as follows:

i. EXPORT READY.

1.a: **Minerals**- diamonds, gold, metal grade bauxite;

2.b: **Non-Mineral primary and processed** –

-**large scale**-timber, rice, sugar, rum;

-**small-scale**- heart of palm, pineapples, copra, coconut oil, fruits and vegetables such as mangoes, pumpkins, bora, peppers, beans, okra, eddoes, plantains, limes, and fish and shrimp;

3: **Manufacturing**

Small scale: detergents, leather goods, furniture, jewelry, garments, bags, boxes, refrigerators, sauces;

Large-scale: plywood;

ii. EXPORT POTENTIAL

1. Non-Mineral primary and processed-

-small scale- coffee, cut flowers and exotic foliage, cocoa, cashew, and cassava, cereals

2. Manufacturing-

-Small scale- Food products, beverages, construction materials, paints

The following observations can be made on the above:

- non-traditional exports in agriculture that have been growing in production are heart of palm, copra, mango, pumpkins, bora and eddoes. Plantains and lime have been showing some promise;

- the volume of production in coffee, cut flowers and exotic foliage, cocoa, cashew, and cassava is still too low to have any impact on exports;

- Garment production has been on the increase and could be poised for further expansion;

- Increased volume is required in most of the small-scale cases to develop exports on a sustainable basis and go into extra-regional markets;

- The production of diamonds, gold, timber, metal grade bauxite, fish, shrimp, rice and sugar was on the increase;

- Very few products appear to have attained international competitiveness. In examining the competitiveness of a few products, Angel[8] noted that rice and Berbice sugar along with pineapples could be competitive internationally if given a competitive exchange rate. Bauxite was not so regarded even with a competitive exchange rate. Most products are not being competitively produced due to a host of policy, institutional and structural constraints.

Today export expansion is critical to growth and development in Guyana. Its importance has been recognized by the shift to export-oriented policies which changed the incentive structures (tariffs, taxes, industrial policy) that discriminated against exporters. Emphasis on export competitiveness has led to macroeconomic and structural adjustment policies. Still missing, however, are a competitive infrastructure, export financing (Pre-shipment, production, and export credit), marketing capability (market information, quality control, technical specifications, direct contact), cost-effective and reliable transportation and communication, efficient customs procedures, and adequate packaging. The potential however is there with new investment and improved infrastructure.

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8 Angel, Amy “Analysis of the Effects on Guyana’s Export Sector of Changes in International Markets” Mimeo. The Carter Center Sustainable Development Program, Atlanta, Georgia, February 1996.

b. Demand

A survey of market demand for particular commodities would require a separate exercise which is not the intention here. In general, the purpose is to determine whether market diversification would require a major departure from traditional markets. In examining the leading markets for some of the major products, it would appear that markets in North America and Europe would be the most complimentary. For some products as sugar, garments, bauxite and rum it is difficult to conceive of alternative markets.

The regional markets are obviously very underdeveloped particularly the wider Caribbean and Latin American markets which should be able to absorb a larger proportion of non-traditional agricultural and manufactured goods. CARICOM imports from Guyana could also be boosted from its present low levels.

TABLE 13: EXPORTABLE PRODUCTS AND MARKETS

Product	Existing Markets	Prospective Markets For Diversification
TRADITIONAL		
Bauxite	US, Canada , EU	
Sugar	EU, US ,Canada	
Rum	EU, Canada, USA	
Rice	EU, CARICOM,	Brazil, Mexico, Cuba, Haiti, Central America
NON-TRADITIONAL		
Agricultural & Agro-Processed		
Fish/shrimps	USA, CARICOM	EU, Canada,
Cereals	CARICOM	
Pineapples	CARICOM	USA
Mangoes	Canada, USA	
Other Vegetables and Fruits (Essentially eddoes,bora,peppers, beans, pumpkin, okra)	Canada, USA, CARICOM	EU
Copra and Coconut	CARICOM	

oil		
Heart of palm	EU	
Manufacturing		
Detergents	CARICOM	
Wood	USA, CARICOM,EU	
Plywood	USA, CARICOM, CANADA	
Furniture	CARICOM, UK	
Bags and Boxes	CARICOM	
Pharmaceuticals	CARICOM, North America, UK	
Jewelry	Canada	
Food Products		CARICOM
Paints		CARICOM
Beverages		CARICOM
Construction Materials		CARICOM
Diamonds	EU, USA	
Refrigerators-Freezers	CARICOM	
Wooden and Cane Furniture	CARICOM	EU, USA
Garments	USA, CARICOM	
Gold	Canada	
Sauces	Canada, USA, CARICOM	

Some products such as rice have the need to target markets outside the EU in view of trade liberalization and the erosion of preferences. The export of fruits and vegetables which in 1993 had begun to increase to North America, Europe and the Caribbean but not sustained because of post-harvest problems and the lack of regular shipping could possibly be revitalized.

Because of the limitations of distance and problems of logistics in serving the EU market, the Americas would remain critical for the development of markets for both traditional and non-traditional items. The EU market cannot however be ruled out even for non-traditional items especially because of its complimentarity and familiarity.

Guyana’s exports will continue to be dominated for some time by large-scale agricultural and mineral products seeking international markets. The remaining small-scale light manufactures and agricultural items will mainly seek expansion on regional markets. Given the fact that minerals operate in open markets, market access does not present a major problem for this category as it does for the other categories.

V. COSTS AND BENEFITS OF INTEGRATION CHOICES

a. FTAA: Trade and Investment Impact

1. Static Effects

In the short run gains would largely be in the North American and Canadian market where most of Guyana's hemispheric exports go at present. The tariffs on these exports are negligible but there are some non-tariff barriers (NTBs) in the form of quotas especially for sugar and some other agricultural items.

The opening of Latin American markets would provide additional access not currently enjoyed by Guyana but exports there are so low at present that gains would be marginal in the short-run. A Free Trade Area in the Americas would therefore have little effect on Guyana in the initial re-allocation of resources.

The estimation of the gains from trade however is generally fraught with difficulties. It usually flounders on the inability to correctly calculate the capacity of these economies to expand their exports in response to demand.

2. Dynamic Impactb) Dynamic Impact

FTAA would introduce dynamic shifts in investment and trade over the longer period. The removal of duty and other trade restrictions under FTAA should encourage the development of vertically-integrated operations. The achievement of economies of scale would also be a bye-product of FTAA. Firms can now gain better access in all markets. In addition, the removal of trade barriers will allow firms access to technologies, capital goods and management expertise which would assist in modernizing production. In general the incentive for greater investment stems not only from duty and quota elimination, and opportunities for vertical integration and scale economies but also from an improved macro-economic and investment climate in Guyana.

As a result of specialization, capital could move to exploit lower wages and cheaper land costs in Guyana. Guyana's strength in labour-intensive and natural-resource production could therefore be enhanced. As a consequence, textiles, apparel, agriculture, food processing which are often regarded as the labour-intensive areas could experience some faster growth.

A crucial question is whether FTAA will lead to strong increases in foreign direct investment. The overall major impact of FTAA is seen in the reduction of transaction costs associated with trade and the creation of more certainty for investment decisions where the activities of firms were affected by high transaction costs due to protectionism. In the new liberalized environment, investors will shift some resources from other non-FTAA low-cost economies to countries like Guyana. The liberalization of Guyana's investment laws has not yet generated a large increase in foreign investment. It needs to be supplemented, inter alia, with wider market access.

3. Negotiating Strategy

Guyana's approach to the FTAA so far has been through the CARICOM/RNM strategy which puts emphasis on the plight of smaller economies in the FTAA process. This approach stresses the need for asymmetry in trade relations accompanied by financial and technical assistance (Regional Integration Fund) to assist these countries to adjust to free trade. The aim of the FTAA is to establish an FTA that is WTO compatible and specifically in line with Art XX1V of the WTO. This article defines a free trade area in terms "all substantial trade" (usually interpreted to be around 80% of the trade between FTA partners)to be covered at the end of 10 years. There can be some exemptions to 15 years for some sensitive products.

The FTAA negotiating process will kick off in September 1998 and will be a long one. It will not be finalized before 2005. Guyana would have some time to start putting in place certain policies and programmes that would position it to benefit from FTAA. Most important would be an improvement in the country's competitiveness and in that regard Guyana needs to emphasize the importance of structural competitiveness in enhancing its capacity to benefit from free trade. It is not clear in the present Smaller Economies approach the extent to which prominence is given to this idea as compared to the loose notion of vulnerability which is so often stressed.

Greater market access for agricultural products would also be a key area for Guyana. This would have to be skillfully pursued mindful of the fact that access should be additional to that currently being enjoyed.

b. POST-LOME

The costs and benefits of the post-Lome arrangements would largely hinge on the extent to which the special arrangements for sugar, rum and rice are preserved and even extended (at least for some time to allow diversification and competitiveness to take place as well as on new market opportunities for non-traditional exports to be developed. As mentioned earlier, there is still scope for the EU to extend agricultural concessions to the ACP.

The debate on the future of the Lome Convention has basically thrown up three options facing countries such as Guyana. They are the continuance of the status-quo (Lome), graduated GSP and a Free Trade Area. The acceptance of GATT 94 in which developing countries with the exception of the least developed agreed to be progressively integrated into the world economy led to a modification of the concept of special and differential treatment and especially discrimination among developing countries. Lome discriminates against non-Lome developing countries and must enjoy a waiver from MFN for its continuance. It does not appear reasonable to expect this waiver to be extended beyond 2005 similar as that for the CBI [9].

Guyana, as a low income country, with very special development needs close to those of the least developed, may however still be able for some time to negotiate a Lome or near Lome-type arrangement. Graduation may not apply to Guyana in the same way as to middle income ACP developing countries. In summary fashion, the costs and benefits of the three options could look as follows:

❖ LOME (not much of an option after 2005 given GATT 1994)

Costs

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9 The EC Commission proposed strategy is as follows:

1998-2000-Framework Agreement on objectives and approach to Objectives.
2000-2005- Negotiation of Regional Economic Partnership Agreements
-Extension of revised Lome on non-reciprocal basis under WTO waiver for another 5 years;
-Negotiation of FTA’s taking into account capacity and level of development;
-Support for measures in trade-related areas such as standardization, certification under WTO agreement on technical barriers and sanitary and phyto-sanitary measures..
-New LLDC arrangements
2005-Implementaion of Regional Agreements

- Frustrates hemispheric integration;
- frustrates WTO integration;
- not attractive for investment;
- difficult to enhance with trade-related measures.

Benefits

- contractual;
- maintains ACP integrity;
- keep aid tied with trade;
- no reciprocal concessions required.

❖ Graduated GSP

Costs

- Weakens ACP solidarity;
- no enhancement to deal with EU trade related matters;
- not region-specific;
- erosion of preference margin from graduation;
- not attractive for investment;
- non-contractual;
- possible legal problems for Protocols.

Benefits

- Promotes full integration into WTO;
- Facilitates FTAA integration as no concessions needed for EU

❖ FTA

Costs

- Adjustment costs (revenue loss, loss of protection)

Benefits

- Contractual;
- Compatible with hemispheric integration;
- attractive for investment;
- possibility for enhancement;
- possibility for additional market access greater;
- institutionalizes trade reforms and reinforces policy credibility.

It should be noted that none of the above options are clear as to the preservation of the Protocols- an area that is most critical for Guyana. It is also noteworthy as well that the FTA option depends on transitional arrangements to be negotiated and support measures (trade adjustment assistance as well as asymmetrical reciprocity.

The CARICOM/RNM strategy has sought to emphasize preservation of the Protocols and preferences generally with the possibility of asymmetrical reciprocity being introduced at some undefined point down the road. Vulnerability of small states is being stressed as well as possible adjustments in the WTO to take account of the plight of small states. Special attention is being given to trade assistance and support measures generally for competitiveness in the context of ACP solidarity.

The EU has already to some extent recognized the difficulties facing least developed, landlocked and island states. In terms of real benefits, this categorization does not take on board the condition of Guyana as not being far removed from a least developed and being among the most severely developing indebted countries. The status of Guyana would need to be articulated in such a way that its level of development could be better appreciated in terms of trade and aid concessions.

c. WTO

Since the WTO forms the basis of acceptance in the multilateral system, fulfillment of WTO obligations become the yardstick through which counties are assessed for compliance with WTO-plus commitments. In the years ahead, faced with WTO and post-Lome negotiations, Guyana would need to demonstrate that it is fulfilling its obligations especially in IPAs, TRIMS, and Market Access Commitments in agriculture. Consequently, the present effort to meet obligations must be intensified to ensure that at the start of FTAA and post-Lome, Guyana is perceived as ready for further integration into the world economy. Guyana would also need to prepare its position for the next round of negotiations on agriculture as well as for other items such as investment not to mention the on-going GATS negotiations.

d. CARICOM

A key issue with respect to CARICOM, as it reduces the CET and enters into FTAs, would be to identify what areas of regional protection that Guyana would want to be phased-out in line with its own national strategy to reduce protection.

VI: CONCLUSIONS AND RECOMMENDATIONS: TOWARDS A WORLD INEGRATION STRATEGY

Future Preference Utilization

Guyana has not taken full advantage of the opportunities under the trade agreements in the past. It is now in a better position to exploit the use of preferences having undertaken some important macro-economic and structural reforms. In spite of preference erosion, there are still some opportunities that existing preferences could provide over the time that they would last. These opportunities should be seized in an effort to diversify and expand exports progressively on a more competitive basis. Preferences in agriculture (where a substantial part of Guyana’s trade lies) are still expected to be around for some time.

Temperate agricultural products will continue to enjoy protection in the EU for a while despite UR. Only after ten years of implementing the UR will the most significant quotas be abolished. After that, high tariff levels will remain leaving the ACP with an advantage. Guyana must put in place a strategy to make maximum use of the next ten years. Products which did not receive any preferences or could benefit from additional market access must be identified and developed for the market. As an example, better access for processed foods, rice, fruits, fish, certain vegetables, nuts and garments could be sought. The value of new preferences for Guyana in agricultural products to offset the effects of the UR was negligible in Lome 1V bis.

Choice of Integration Option

The issue of what is the path for Guyana to integrate on a sustained basis into the world economy is still highly debatable. At present Guyana in terms of trade and investment is highly integrated into the Transatlantic Region (Americas and Europe). Most of its existing and prospective markets are centered in this space which constitutes a sizeable market and where trade and investment forces are autonomous. It is a “region” that could allow Guyana to build the bases of higher future export earnings as well as provide the capital flows needed.

There are three basic trade options within that space (each of which could be combined with unilateral liberalization) facing Guyana. They are:

-Status-quo(CBERA, LOME or Graduated GSP, CARICOM plus RIAs[10], WTO) (NON-RECIPROCAL OPTION)

-WTO, FTAA (including regional convergence FTA strategy), CARICOM, POST-LOME GSP (AMERICAS OPTION)

-WTO, CARICOM, FTAA (including regional convergence FTA strategy), EU/CARIBBEAN FTA (TRANSATLANTIC OPTION)

Each of these options must be carefully evaluated. A priori, in so far as it would offer the widest scope for additional market access and possibly the preservation of the Protocols (over some reasonable time span to allow adjustment) since it is reciprocal, the Transatlantic Option would be particularly attractive. Market access in this arrangement could also be better enhanced in terms of rules of origin, standards, dispute settlement, etc.). Harmonization of trade-related matters to cover contingent protection, standards and other-trade elated matters would be important particularly for agricultural and agro-processed goods.

The scope for agricultural market access is greatest under this option. It would also offer a wider trade block choice and best take account of the relative decline in the ACP position in the EU pyramid of privileged market access (EU Single Market, Enlargement and FTAs with Eastern Europe and the Mediterranean). It could have also a positive impact on investment and promote compatibility between FTAA and Lome to avoid loss of EU trade preferences. This approach would establish strong policy credibility as the institutionalization of domestic reforms would be signaled in a powerful way. It would facilitate even further integration into the multilateral system on acceptable terms and help set the region on course for equidistant integration between the EU and the Americas.

The downside to this approach would be the higher short-term adjustment costs coming from the revenue impact, increased competition, increased balance of payments pressure and possibly net employment loss. These effects however would depend on transitional arrangements to be negotiated and available support measures (trade adjustment assistance as well as asymmetrical reciprocity). Some economic sectors in manufacturing and agriculture will still need some protection from imports for some period of time in order to protect jobs and make the adjustment. These sensitive industries would need appropriate transition periods and safeguards. That should not be too difficult to put in place in so far as levels of protection have already been considerably reduced. More important would be the revenue aspect as alternative efficient sources would

10 Other Regional Integration Agreements, e.g. with the Dominican Republic, Andean Group, etc.

have to be targeted. The choice of domestic taxes to offset revenue loss will also be important to the effective implementation of trade policies. If collection of indirect taxes is not uniform for all sectors there will be some distortion costs.

Trade Strategy Sequence

The extension of the Lome acquis with some additions in terms of greater market access and trade adjustment assistance would constitute a desirable package for the succession of Lome. In negotiations for what should succeed after 2005 the FTA option on terms and conditions outlined below could be considered.

In pursuing FTAA negotiations up to 2005, efforts to upgrade the CBERA or obtain NAFTA Parity should continue in spite of the failure and difficulties of recent proposed legislation in the US Congress.

The widening of FTAs in the region with Latin American and Caribbean neighbours should be pursued to give producers a first shot at the wider regional market before FTAA becomes a reality. A process of increasing the levels of competition (up from CARICOM and relatively more with countries of the region with comparable levels of development) will also lessen adjustment costs and should constitute the next gradual phase of liberalization before the full implementation of FTAA at the end of the 10 year period under Art XXIV of the WTO beginning in 2005.

Wider Trade Block Choice

Guyana is rather exceptional in the region in so far as its main exports equally go to North America and Europe. It is difficult to predict which region would have a higher demand for Guyana’s exports in the future and with which region Guyana is more compatible from a complimentary point of view. As a result, it is safer to go with both in terms of market access.

The idea of considering traditional exports (sugar, rum and rice) to the EU as being protection-driven lingering (from colonial times) exports that would go away with the end of preferences in the future is not correct. This argument is used at times to suggest that the destiny of the Caribbean ACP countries is tied up with the Americas and not with the EU in terms of more advanced trading arrangements. The fact is that Guyana has the potential to develop a competitive supply of these products if preferences come to an end over a reasonable transitional period. Alternative markets for these products would also be difficult to find.

Future Trade Liberalization Gains

Guyana's tariff regime is already quite liberal in terms of a low nominal applied rate and a very low effective applied rate of protection. While some improvement in terms of greater uniformity in effective indirect taxation can bring some additional welfare gains in the future, most of these gains will come from the progressive lowering of the average effective rate upon entry into FTAs. Gains from further unilateral tariff liberalization are therefore not considered to be significant. What appears more important are gains that could be reaped from additional regional and multilateral market access, especially the dynamic ones.

Improved access to the EU and FTAA countries for agricultural and agro-processed items would represent the best gains for Guyana. If Guyana lowers its tariffs to zero with the US and EU over time without gaining improved access particularly in the agricultural and agro-processed sector, then gains would be much less. FTAs represent the best chance to get additional market access particularly in agriculture where trade barriers are strong. Sugar can benefit from special treatment in US under FTAA as Mexican sugar does under NAFTA. Such access will also be more stable and secure.

Some consideration should be given to a WTO-plus strategy in agriculture in the FTAA if it could secure greater market access and at the same time not displace Guyana's exports in certain markets before they can become competitive.

The reform of the CAP could also provide an opportunity to enter into the EU on a more competitive basis in the long-term under FTA conditions. Guyana would need to follow closely CAP reform and take the necessary steps to ensure that its domestic reforms move in sync with it.

A specific analysis should be done on hemispheric and EU markets with a view to determining where Guyana has the potential to supply the agricultural commodities in which it can be competitive. This could provide a basis for informing future negotiations.

FTA Readiness

The next seven years must be used to make Guyana more FTA-ready. This would involve further efforts on the macro-economic front especially to strengthen the balance of payments and the fiscal account as well as to adopt structural changes to deepen the reform process.

Competitive Supply

The products for which Guyana would enjoy a comparative advantage in the Hemisphere and in Europe are not many at this stage. The benefits from increased access would thus be limited to a few commodities. Over time the range would expand as increased access facilitates investment. The small size of the market limits the extent to which farmers are willing to invest in specialized agriculture.

The primary products that Guyana will be supplying for some time will have low price and income elasticities. Competitiveness strategies would thus have to place emphasis on the continuous lowering of the cost of production and increasing volume as well as second and third-stage processing.

Asymmetric Reciprocity and Trade Adjustment Assistance

FTA with the EU and the Americas from 2005 onwards that allows Guyana a longer phase-in period (10 years according to Article XXIV and 15 years in some cases for certain sensitive industries) as well as safeguards could be appropriate. A supplementary package of trade adjustment assistance would also facilitate more effective participation and gains from FTA.

The Importance of Differentiation

In UN and World Bank classifications, Guyana is not defined as a least developed country. Yet, it is just some dollars away from being categorized as a least developed country and it is among the most severely indebted countries. In Lome, special consideration is given to the least developed, landlocked and island states- a category in which Guyana does not fall. Lome needs to re-define "Least Developed" as it did in the past to include ACP countries as Guyana.

In Lome, Guyana is among the countries with the highest vulnerability to preference erosion. Guyana's future approach to Lome should be to get preferences focused on the poorest in the ACP. At present Guyana's situation is not properly covered by the concepts of smallness and vulnerability. These notions lack a focus on structural competitiveness. Guyana present capacity to participate in a world of liberalized trade is severely limited. This would imply that its interest would be better served by emphasis on some structural competitiveness index using variables such as technology development, human resource development, etc. as well as some notion of sustainable and diversified export capability.

Market Access Strategy

An effective market access strategy calls for negotiations at several levels- bilateral, CARICOM, multilateral and private sector. Trade barriers should be clearly identified and a specific database covering both tariffs and NTBs to Guyana's exports for use by government and industry should be built and maintained. The database should be kept up-to-date, be comprehensive and be user-friendly. It should also be on-line. Priorities based on possibilities for export expansion and investment should be established and the best channels for eradicating these barriers should be chosen e.g. bilateral or multilateral, new rules, enforcement of obligations, etc.

Improved coordination between the private and public sector should enhance the strategy which should be driven by the private sector.

RESEARCH

- A detailed examination of the status of preferential margins for Guyana's actual and potential exports into EU markets would be useful. It should focus on the rates now enjoyed vis-à-vis other competitors in GSP, MFN and FTAs. It should also cover the non-tariff areas such as standards, environmental, technical barriers, etc.

- A similar exercise should be undertaken for the FTAA paying particular attention to key markets in Latin America.

- The above market research could usefully be supported by an in-depth competitiveness study of export potential.

- The scope for revenue-neutral changes from border taxes to indirect taxes should be examined in anticipation of further import liberalization from the signing of FTAs with other regional countries and with developed countries after 2005.

- The CARICOM CET should be examined to determine how it should evolve after 1998 with special attention being given to the level of regional protection that Guyana may wish to preserve for specific industries over some time frame. This would be a valuable input into future CARICOM reciprocal negotiations in terms of identifying sensitive areas and the degree and duration of protection that they would require.

Data Collection

- A Database on effective protection of industries should be built that allows the monitoring and evaluation of protection based on performance.

- A database on exports that are ready in terms of supply and those in need of development as well as those with some future potential need to be developed and actively maintained. The existing and potential markets for these products should be clearly identified as well as the access conditions of these products should be monitored. The purpose of the database is for export promotion as well as of trade negotiations;

- Based on a well-constructed exportable list of products, a specific NTB database covering NTBs on Guyana's exports for use by government and industry should be built and maintained.

- A database for purposes of trade negotiations should be constructed based on the HS Tariff Schedule that provides up-to-date information on imports and exports at the product level, MFN tariffs, CARICOM Tariff, Consumption Tax or other indirect taxes, sensitive products from a revenue, employment and security standpoint, etc. It should be used to make quick calculations of revenue and employment loss from tariff concessions. More detailed product-specific information should be collected from the ASYCUDA system that would allow imports by origin and importers to be classified along with exports by destination and exporters.

Trade Negotiations Capacity–Building

The National Advisory Committee on External Trade Negotiations (NACEN) comprises representatives of the public and private sector to advise on external trade negotiations. This Committee serves a useful purpose and can use some ad hoc technical support to do research and prepare technical positions on the various negotiating items. The Committee would wish to identify those priority areas where technical work would be needed in the near future.

Technical Assistance needs also need to be clearly identified both in the public and private sector as regards information, training in negotiation and organization of the negotiation process.

NACEN should spearhead periodic reviews of external trade policy and strategy for the public and private sector based on the preparation of a situational reports.

WTO

Priority should go to meeting the WTO obligations to which attention is now being given as well as the formulation of positions for the up-coming items on the WTO agenda.

Some consideration should be given as well to a WTO Trade Policy Review which would increase transparency and give more credibility to trade policy. In addition, the entry into the WTO Integrated Database(IDB)database would also facilitate international data comparisons and facilitate the improvement in trade data collection and analysis.

APPENDIX 1: A COMPARISON OF NAFTA AND CBERA

The entry conditions of Caribbean goods to the U.S. market are set out in the Caribbean Basin Economic Recovery Act. The following comparison of its general provisions with those of NAFTA would highlight the areas in which CBERA preferential treatment would be affected in relation to the trade liberalization measures in NAFTA :

* Immediate or phased removal of tariffs under NAFTA on items where Caribbean producers now enjoy duty free entry or tariffs lower than MFN rates under CBERA.

* The elimination of quotas either instantly or in some phase-out period on certain sensitive goods. Similar Caribbean goods will continue to face quota limitations.

* The rules of origin and local content requirements in NAFTA added a protective layer for certain sectors using intermediate inputs. The level of such protection is now NAFTA-wide as compared to the pre-NAFTA situation in certain member states which was less protective.

- NAFTA is a contractual agreement. CBERA is a unilateral instrument. NAFTA can therefore provide secure access to a market of 360 million which can be more attractive to investors.

- The NAFTA dispute settlement mechanism is based on a bi-national panel and thus less open to arbitrary decision-making as compared to that of the CBERA. This should provide an additional dimension of security of market access to NAFTA members.

- As compared to the CBI, NAFTA's investment provisions emphasize a large measure of liberalization and non-discriminatory national treatment which should provide greater opportunities for vertical integration and scale economies.

The above conditions should improve the competitive standing of industrial operators in NAFTA that compete with CBERA's counterparts.

The increase in trade preference for Mexico under NAFTA reduced the competitive advantage of products from the Caribbean Basin in several ways. Caribbean exports which have benefited exclusively under CBERA from the elimination or reduction of duties will now experience more competition. These would be products that are not excluded by CBERA, products that would not enter the US duty-free under MFN or GSP and products that were duty-free under GSP but were under competitive need limits and actually exceeded these limits.

A second source of improved market access for Mexico would be for goods excluded under the CBERA. The original CBERA excluded from duty-free entry textiles and apparel, footwear, handbags, luggage, flat goods (such as wallets, change purses, key and eyeglass cases), work gloves, leather wearing apparel not eligible for duty-free entry under the GSP programme as of August 5,1983, canned tuna, petroleum and petroleum products, watches and watch parts containing components from sources subject to non-MFN or statutory duty rates[11].

Preferential treatment for the region has since been granted in some of these products. In 1986, a Special Access Program (SAP) was established for textiles that provided more liberal quotas (separate from those under the MFA) as Guaranteed Access Levels (GALs) for qualifying textile and apparel products within the framework of the overall US textile policy. SAP embraces clothing and made-up textile products assembled from fabric parts formed and cut in the US. Duties are levied on the value added to inputs imported from the US. A similar special program was established for apparel products from Mexico. On a per capita basis however, and from the actual increase in GALs to Caribbean countries such as the Dominican Republic and Jamaica some preferential treatment over Mexico can be detected.

The 1990 revised CBERA also added a margin of preference by reducing duties by 20% for the previously excluded leather products (except footwear), handbags, luggage, flat goods, work gloves and leather wearing apparel as from the beginning of 1992[12].

The two CBERA Acts as well as administrative or legislative improvements provided duty-free access to most Caribbean product

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[11]USITC. The Impact of the Caribbean basin Economic Recovery Act on US industries and Consumers, 1992. See also footnote 34 in this publication which in reference to the last category of products states that the "Presidential Proclamation 5133 of Nov 30, 1983 listed the items in the former that corresponded to each class of eligible products. The equivalent tariff categories in terms of HTS were reflected when it was adopted by the US on January 1, 1989".

[12]The duty reduction is implemented in five equal annual stages. It is limited by law to 2.5 percentage points and each annual reduction to 0.5% ad valorem.

categories and extended quota preferences to textile and apparel producers[13].

CBERA countries enjoyed an advantage over Mexico in the rules of origin. While the 35% value-added is the same under the GSP and CBERA, CBERA countries can accumulate value from one or more CBERA countries, including Puerto Rico and the US Virgin islands. In addition, this minimum value added content can be met by adding 20% of the customs value of the product to 15 percent made up of US-made (excluding Puerto Rico) materials and components. Duty-free entry into the US is also granted to products of Puerto Rico or of 100% US origin that are processed or assembled in a CBERA country and imported directly into the customs territory of the US from the CBERA country. This provision has encouraged more production-sharing operations between Puerto Rico and CBERA countries. The revised 1990 CBERA under section 222 also extended the original rules of origin by granting duty-free entry into the US for certain products other than textiles and apparel and petroleum and petroleum products - that are "assembled or processed" in CBERA countries wholly from components or materials originating in the US. Certain kinds of footwear assembled in CBERA countries are one such example[14].

In NAFTA the duty was reduced to zero on some assembled products other than apparel. These are however, mainly articles for which there is a phased elimination of US duties on imports from Mexico under NAFTA. The latter articles are eligible for duty-free treatment under CBERA and thus give the Caribbean Basin producers a temporary advantage over producers in Mexico. Mexico will enjoy duty-free access to the US and Canada once the NAFTA phasing-in is completed for all articles that qualify under NAFTA rules of origin. The Caribbean does not enjoy duty-free access to Canada for such assembled goods.

US imports of apparel from the Caribbean and Mexico has been growing substantially because of the liberalization of quotas under provision 9802.00.80, the incentive to use more US-origin content (the duty-free content is twice that for other sectors) and relatively higher tariffs in this area. Under NAFTA, apparel sewn in Mexico from fabric formed and cut in the US enters the US free of duty under the newly created 9802.00.90 provision. Caribbean producers are subject to duty on the value added on such fabric.

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[13]NAFTA which came into force on January, 1994 gave Mexico a greater preferential advantage over Caribbean producers especially those involved in apparel production. Mexican apparel exports that are made from fabric that is both formed and cut in the US now enters duty-free. Such apparel imports from the Caribbean are levied with MFN duties or the value added.

[14]For more detailed examples see page 12 in USITC op. cct

By 1999, US tariffs on almost all textile and apparel products from Mexico will be removed. Such goods in order to meet the US duty-free entry requirement must satisfy the basic origin rule which is "yarn forward." According to this rule, goods must be made in North America from the yarn stage forward ,that is, production of yarn, fabric and end product. Overtime as duties are eliminated on textiles and apparel from Mexico that meet the origin criteria, such products that have US-made parts will not need to enter under the 9802.00.90 provision to receive duty-free treatment.

Another significant advantage that Mexico enjoyed is that textiles and apparel goods assembled in Mexico from certain non-North American fabrics cut in the US will receive preferential NAFTA duties under the new 9802.00.80.55 provisions. Such US imports will be limited by special annual "Tariff Preference Levels" (TPLs) which fix the quantity of certain goods that will benefit from the NAFTA preferential rate. Imports beyond this level will be subject to higher MFN rates. Due to the large duty-free share, the effective trade-weighted tariff for 9802 apparel imports averaged 7.8% ad valorem as compared with the nominal rate of 17%.

In terms of wholly-produced apparel being allowed duty-free entry, NAFTA does not grant any real advantage to Mexico in so far as Caribbean producers make little quality fabric that is used in exports.

No significant changes occurred as regards the use of foreign fabric not cut in the US. The MFN rate of duty will continue to apply to all countries.

The major advantage for Mexico relates to the articles produced from North American originating materials. The Caribbean is charged duty on the value-added while imports from Mexico enter duty-free.

In examining the major factors affecting competitiveness of CBERA and Mexican apparel industries in all 9802 type[15], production cost was identified as the key factor. Duty reductions under NAFTA will reduce this cost of sourcing and thus will enhance the position of Mexico. Not much significance was attached to the non-cost factors such as fabric availability, quota availability and quality. Duty elimination led to a reduction of relative costs of fabric, assembly, transportation and miscellaneous costs and this improved the competitive position of Mexico relative to CBERA producers.

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[15] USITC. Potential Effects Of A North American Free Trade Agreement on Apparel Investment in CBERA Countries. USITC Publication 2541 July 1992.

This study made production cost comparisons for the following representative apparel products :

HTS 6109.10.0005	Men's T-shirts
HTS 6105.10.0010	Men's all cotton golf shirts
HTS 6203.42.4010	Men's blue jeans
HTS 6206.40.3030	Women's polyester blouses
HTS 6212.10.2020	Brassieres

Mexico was found to have a cost disadvantage even after the elimination of the duties in women's suit-type coats and brassieres - two products with high labour costs not being offset by the cost savings from NAFTA duty elimination. For the other four products, NAFTA is expected to push Mexican producers into a stronger overall competitive position.

The study did not consider other factors such as labour supply, infrastructure and proximity to the market in terms of transportation time.

APPENDIX 2. LIST OF PERSONS AND INSTITUTIONS VISITED

Mr. Willet Hamilton, Director of Foreign Trade, Ministry of Trade, Tourism and Industry

Mr. Steve Banks, Economics Officer, US Embassy

Ms. Paula Roberts, Bureau of Statistics, Ministry of Finance

Mr. P. Persaud, Bureau of Statistics

Ms. R Jaggarnauth, Foreign Trade Officer, MTTI

Ms. Kim Valentine, Foreign Trade Officer, MTTI

Mr. Paul Dookun, Foreign Trade Officer, MTTI

Mr. Daniel Wallace, USAID Economic Development Advisor

Mr. Clive Gobin, Membership Services Manager, Private Sector Centre Project

Mr. Ramesh Sharma, Permanent Secretary, MTTI

Mr. Nyron Alli, CEO, GEPC

Ms. Marcia Velloza, Technical Officer, GEPC

Ms. Uchenna Gibson, Research Officer, GEPC

Ms. Janice Congreaves, Technical Officer, GEPC

Mr.Tarchan Ramgulam, Director, Industrial Development Division, MTTI

Mr. Coby Frimpong, Chief of Party, BEEP

Ms. Margo Singh, Program Coordinator, BEEP

Mr. Kendall, Ministry of Agriculture

Mr. Deochand Narine, Director, GO-INVEST

Ms. Amanda Austin, Manager, Trade and Investment, Private Sector Centre.

Mr. Duke Pollard, CARICOM

Mr. Ivor Carryll, CARICOM

Ms. Valerie Odle, CARICOM

Mr. David Hales, CARICOM

Mr. Arthur Gray, CARICOM

Mr. Donald Abrams, Director, Economic Affairs, Ministry of Foreign Affairs

Mr. R.A.Chung, Former President, Handicraft Industry Development Agency

Mr. Noland Walton CEO, HIDA

Ms. Bibi S. Andrews, President, HIDA Board

Mr. Jerry La Gra, Representative, IICA

Mr.Chandarballi Bisheswar Chairman, New Guyana Marketing Corporation

Mr. Nizam Hassan, Deputy General Manager, New Guyana Marketing Corporation

Mr. David Persaud, Vice-Chairman, Toolsie Persaud Ltd Group of Companies

Mr. John Willems, Willems Timber

Mr. Dharamdeo Sawh, Lumber Merchant

Ms. Toni Williams, Executive member, Forest Products Association

Ms. Mona Bynoe, Executive Director, Fproducts Association

Hon. Michael Shree Chan, Minister of Trade, Tourism and Industry

Mr. Charles Kennard, Chairman and CEO, Rice Development Board.

Mr. Patrick Persaud, Executive Committee Member, Guyana Manufacturers Association

Mr. Gavin Ferreira, Executive Committee Member, Guyana Manufacturers Association.

Mr. Julian R. G. Archer, Planning and Assistant Sales Manager, Bauxite Industry Development Company Ltd.

Mr. Patrick McDuffie, USAID Representative

Ms. Inge Nathoo, Executive Secretary, Guyana Manufacturers Association.

APPENDIX 3 EXPORTABLE OFFER

106007000	Macaws and Parots
106009000	Live animals, nes
301109000	Live ornamental fish (excl. for
303702000	Frozen snapper, shark, etc, (exc
303709000	Frozen fish, nes, (excl. livers
303802000	Frozen fish roes
304209000	Frozen fish, nes, fillets
304900000	Frozen fish meat (excl. fillets)
305409000	Smoked fish, nes, (incl. fillets
305510000	Dried cod, not smoked
305599000	Dried fish, nes, not smoked
306002000	Frozen shrimps and prawns
804300000	pineapples
904110000	Dried pepper (excluding crushed
1006101000	Rice in the husk (paddy or rough)
1006109000	Rice in the husk (paddy or rough)nes.
1006202000	white rice, nes.
2008009000	Other fruit, etc, prepared or pr
2103909000	Sauces and sauce preparations; m
2208401000	rum
2505000000	
3004905000	Cough and Cold preparations, ant
3004909010	Spirituous medicinal compounds
3303009010	Lime rum and similar preparation
3306101000	Toothpastes
3808102000	Mosquito coils
3917201000	PVC pipes
4202101000	Suitcases, travelling-bags
4403006010	greenheart, round piling and hew
4404001000	Split poles, piles, pickets, sta
4406000000	Railway or tramway sleepers (cro
4407004000	Greenheart wood, sawn or chipped
4407006000	Mora wood, sawn or chipped lengt
6101000000	Men's or boys' overcoats, etc, k
6105900000	Men's or boys' shirts of other t
6108290000	Women's or girls' briefs, etc, o
6109101000	T-shirts, of cotton, knitted or
6204100000	Women's or girls, suits
6204209000	Women's or girls, ensembles of t
6204409000	
6205200000	Men's or boys, shirts of cotton
6212100000	Brassieres
6217900000	Parts of garments or clothing ac
6309000000	Worn clothing and other worn art
7010901000	
7102100000	Diamonds not mounted or set
7108100000	Gold (incl. plated with platinum
7108200000	Monetary gold
7113191000	jewellery
7321102000	cookers

1006401000	Broken rice,in packages for reta
1513110000	Crude coconut (copra) oil and fr
1603000000	Extracts and juices of meat, fis
1701110000	Raw cane sugar, in solid form, w
1703102000	Cane molasses, from the extracti
1902009000	Pasta, nes
4407009000	Wood, nes, sawn or chipped lengt
4409209000	Non-coniferous wood, nes, contin
4412001000	Plywood consisting solely of she
4412009000	Plywood consisting solely of she
4418501000	Shingles of wood
4819100000	Cartons, boxes and cases, of cor
8431499000	Parts of machinery of 8425 to 84
9403500000	Wooden furniture of a kind used
9403609000	Wooden furniture, nes
9602009000	carvings

TABLE 1: GUYANA'S TOTAL EXPORTS TO THE EU (ECU '000)

1976	1980	1985	1990	1991	1992	1993	1994	1995	1996	1997	% Growth 1976-1990	% Growth 1980-1997
99776	113892	168961	118486	120538	150184	143033	150021	144,800	174,548	189,117	1.3%	3.9%

TABLE 2: GUYANA'S LEADING EXPORTS TO THE EU (ECU '000)

CODE	PRODUCT DESCRIPTION	1991	1992	1993	1994	1995	1996	1997
1701	Cane or beet sugar and chemically pure suc	66134	106559	89395	79660	89601	117371	104227
2606	Aluminium ores and concentrates.	17432	9627	10946	13848	27297	25031	36328
1006	Rice :	11478	6559	7538	18968	2676	952	17496
2208	Undenatured ethyl alcohol of an alcoholic st	10244	7903	15925	16115	6490	4086	3392
3824	Prepared binders for foundry moulds or core	5090	4175	5536	5491	5646	4592	5936
2207	Undenatured ethyl alcohol of an alcoholic st	2003	5042	3947	4443	3086	3333	3046
2008	Fruit, nuts and other edible parts of plants, c	1004	1494	1717	2020	2465	2991	3699
4407	Wood sawn or chipped lengthwise, sliced or	1289	689	1681	1613	2215	2573	3929
4412	Plywood, veneered panels and similar laminated wood :					984	5211	2478
7102	Diamonds, whether or not worked, but not m	1379	2581	856	2832	2452	2632	1500
	SUBTOTAL	116053	144629	137541	144990	142912	168772	182031
	Percentage of Total Exports	96.3%	96.3%	96.2%	96.6%	98.7%	96.7%	96.3%
	TOTAL IMPORTS	120538	150184	143033	150021	144800.3	174547.8	189116.75

TABLE 3: SHIFTS IN PRODUCT SHARE OF GUYANA'S EXPORTS TO THE EU (1995-1997)

CODE	PRODUCT DESCRIPTION	1995	1996	1997	1995-1996	1996-1997	1995-1996	1996-1997
1701	Cane or beet sugar and chemically pure suc	89601	117371	104227	103486	110799	64.9%	61.1%
2606	Aluminium ores and concentrates.	27297	25031	36328	26164	30679.5	16.4%	16.9%
1006	Rice :	2676	952	17496	1814	9224	1.1%	5.1%
2208	Undenatured ethyl alcohol of an alcoholic st	6490	4086	3392	5288	3739	3.3%	2.1%

3824	Prepared binders for foundry moulds or core	5646	4592	5936	5119	5264	3.2%	2.9%
2207	Undenatured ethyl alcohol of an alcoholic st	3086	3333	3046	3209.5	3189.5	2.0%	1.8%
2008	Fruit, nuts and other edible parts of plants, c	2465	2991	3699	2728	3345	1.7%	1.8%
4407	Wood sawn or chipped lengthwise, sliced or	2215	2573	3929	2394	3251	1.5%	1.8%
4412	Plywood, veneered panels and similar lamir	984	5211	2478	3097.5	3844.5	1.9%	2.1%
7102	Diamonds, whether or not worked, but not n	2452	2632	1500	2542	2066	1.6%	1.1%

SOURCE: EUROSTAT

TABLE 4: PRODUCT SHARE OF EXPORTS TO THE EU (1991-1997)

CODE	PRODUCT DESCRIPTION	1991-1992	1996-1997	% Change
1701	Cane or beet sugar and chemically pure sucrose, in so	86346.5	110799	28%
2606	Aluminium ores and concentrates.	13529.5	30679.5	127%
1006	Rice :	9018.5	9224	2%
2208	Undenatured ethyl alcohol of an alcoholic strength by v	9073.5	3739	-59%
3824	Prepared binders for foundry moulds or cores; chemica	4632.5	5264	14%
2207	Undenatured ethyl alcohol of an alcoholic strength by v	3522.5	3189.5	-9%
2008	Fruit, nuts and other edible parts of plants, otherwise p	1249	3345	168%
4407	Wood sawn or chipped lengthwise, sliced or peeled, wl	989	3251	229%
4412	Plywood, veneered panels and similar laminated wood	0	3844.5	
7102	Diamonds, whether or not worked, but not mounted or	1980	2066	4%

TABLE 7
APPLIED NOMINAL AND EFFECTIVE RATES OF DUTY

	NOMINAL RATES						EFFECTIVE RATES					
	1992	1993	1994	1995	1996	1997	1992	1993	1994	1995	1996	1997
111 Food For Final Consumption	31%	28%	23%	31%	21%	19%	18%	14%	11%	20%	9%	9%
112 Beverages and Tobacco	55%	62%	52%	53%	47%	57%	6%	7%	13%	8%	7%	7%
119 Other Non-Durables	23%	31%	24%	19%	26%	19%	4%	8%	7%	8%	8%	6%
121 Clothing & Footwear	36%	36%	29%	28%	31%	29%	14%	15%	14%	19%	16%	13%
129 other Semi-Durables	27%	28%	21%	21%	23%	22%	14%	17%	14%	13%	15%	14%
131 Motor Cars	16%	20%	43%	43%	45%	42%	15%	18%	30%	29%	33%	25%
139 Other Durables	17%	19%	19%	17%	19%	16%	3%	6%	8%	6%	9%	7%
211 Fuel & Lubricants	15%	16%	17%	18%	18%	16%	1%	1%	0%	1%	1%	1%
212 Food For intermediate use	11%	3%	9%	5%	9%	9%	1%	1%	1%	1%	2%	2%
213 Chemicals	5%	7%	5%	5%	5%	6%	0%	1%	1%	1%	1%	1%
214 Textiles & Fabrics	12%	11%	6%	6%	6%	6%	3%	4%	2%	2%	2%	1%
215 Parts & Accessories	10%	11%	7%	6%	7%	6%	2%	4%	3%	2%	3%	2%
219 Other Intermediate goods	17%	17%	11%	11%	11%	10%	2%	3%	3%	2%	2%	2%
311 Agricultural Machinery	6%	4%	3%	3%	3%	3%	1%	1%	1%	0%	0%	0%
312 Industrial Machinery	8%	7%	5%	5%	5%	5%	2%	2%	1%	2%	2%	0%
313 Transport Machinery	12%	14%	12%	11%	12%	11%	3%	5%	6%	3%	5%	4%
314 Mining Machinery	5%	5%	5%	5%	5%	5%	0%	0%	0%	0%	0%	0%
315 Building Materials	19%	22%	15%	16%	20%	16%	2%	4%	3%	3%	3%	3%
319 Other Capital Goods	11%	12%	7%	8%	7%	7%	3%	3%	2%	2%	2%	2%
900 Miscellaneous	8%	3%	19%	15%	6%	3%	3%	2%	12%	12%	3%	1%
Weighted Average	14%	16%	14%	14%	15%	13%	3%	4%	4%	5%	5%	4%

SOURCE:
BUREAU OF STATISTICS
TRADE STATISTICS SYSTEM

TABLE 8: GUYANA: INDICATORS OF TRADE PROTECTION

Year	CETA	UANP	IL	UANP.1	PMF	UANP.2	ERP(50% Value Added)	REER (1985= 100)
1980	19	19	100	60	1.154	69.24	138.48	65.1
1981	19	19	100	60	1.333	79.9	159.8	71.4
1982	19	19	100	60	2	120	240	80.9
1983	19	19	100	60	2.333	140	280	94.9
1984	19	19	100	60	2.38	143	286	96.8
1985	19	19	100	60	2.62	157	314	100.0
1986	19	19	100	60	2.727	164	328	94.8
1987	19	19	100	60	2.2	132	264	48.8
1988	19	19	100	60	2.5	150	300	61.3
1989	19	19	100	60	1.21	72.6	145.2	47.3
1990	20.4	20.4	70	50	1.11	55.5	111	34.3
1991	20.4	20.4	0	20.4	1	20.4	40.8	29.6
1992	20.4	20.4	0	20.4	1	20.4	40.8	32.7
1993	16	16	0	16	1	16	32	33.9
1994	16	16	0	16	1	16	32	32.6
1995	15	15	0	15	1	15	30	34.5
1996	15	15	0	15	1	15	30	35.3
1997	14	14	0	14	1	14	28	37.7

TABLE 10: PRODUCTS ENTERING UNDER PREFERENCE

CBERA

PREFERENCE ELIGIBLE

HS Code	Product Description
441212	Plywood,at least I outer ply of non-coniferous wood nes (ply's,6mm>
441211	Plywood,at least 1 outer ply of tropical woods(ply,s,6mm>
170111	Raw sugar,cane
30269	Fishnes,fresh or chilled exc heading no. 03.04, livers and roes
220840	Rum and tafia
420212	Trunks,suit-cases&sim container w/outer surface of plastics/textiles
940360	Furniture,wooden,nes
	Total containing CBI preference
	CBI Preference Total (from USITC)

CARIBCAN

PREFERENCE ELIGIBLE

170111	Raw sugar,cane
220640	Rum and tafia
30379	Fish nes,frozen,excluding heading No 03.04,livers and roes
320300	Colourg matter of vegetable or animal origin & preparations based thereon
30329	Salmonidae, nes,frozen,excluding heading No 03.04, livers and roes
30613	Shrimps and prawns,frozen,in shell or not, including boiled in shell
30269	Fish nes,frozen,excluding heading No 03.04,livers and roes
30420	Fish fillets frozen
90112	Coffee,not roasted,decaffeinated

PREFERENCE INELIGIBLE

620520	Mens/boys shirts, of cotton,not knitted
620343	Mens/boys trousers and shorts, of synthetic fibres, not knitted shirts, of cotton,not
610910	T-shirts,singlets and other vests,of cotton,knitted
620463	Womens/girls trousers and shorts, of synthetic fibres, not knitted
611420	Garments nes, of cotton, knitted
710612	Gold in unwrought forms non-monetary
260600	Aluminium ores and concentrates
710210	Diamonds unsorted whether or not worked

LOME

LOME PREFERENCE :PROTOCOL

100620	Rice,husked (brown)
100640	Rice,broken
100630	Rice,semi-milled or wholly milled,whether or not polished or glazed
100610	Rice in the husk (paddy or rough)
170111	Raw sugar,cane
220840	rum and tafia
170199	Refined sugar, in solid form,nes
170310	Cane molasses
20230	Bovine cuts boneless,frozen

LOME PREFERENCE: NON-PROTOCOL

382390	Chemical prods,prep&resid prod of chemical/allied industries,nes
220710	Undernaturd ethyl alcohol strgth by vol of 80% vol/higher
200891	Palm,hearts nes,o/w prep o presvd,whether or not sugsrd,sweet or spiritd
441212	Plywood,at least 1 outer ply of non-coniferous wood nes (ply's<6mm)
990887	Not classified
950699	Articles & equipment for sports$outdoor games nes&swimming&paddlg pools
220890	Undernaturd ethyl alcohol ,80%alc cont by vol&spirit,liquer&spirit bev nes
940390	Furniture parts nes
870422	Diesel powerd trucks w a GVW exc five tonnes but not exc twenty tonnes
30613	Shrimps and prawns,frozen,in shell or not,including boiled in shell
440920	Wood (lumber) continously shaped non-coniferous(hardwood)
852691	Radio navigational aid apparatus
940320	Furniture,metal,nes

MFN Duty Free Exports

260600	Aluminium ores and concentrates
710231	Diamonds non-industrial unworked or simply sawn,cleaved or bruted
440799	Lumber,non-coniferous nes
440399	Logs, non-coniferous nes
750120	Nickel oxide sinters& oth intermediate products of nickel metallurgy
890391	Sailboats,with or without auxiliary motor
400121	Natural rubber in smoked sheets
903289	Automatic regulating or controlling instruments and apparatus,nes

TABLE 11. GUYANA	Bindings and levels of MFN tariff rates before and after the Uruguay Round						
	Percentage of imports		MFN RATES				
	GATT bound						
	Total	Total	Pre-UR	Post-UR	Tariff	Post-UR	
	pre -	post -	Applied	applied	reduc-	bound	
Summary product category	UR	UR	Rate (1992)	rate (1997)	tion3	rate	
111 Food For Final Consumption	0	100	31%	19%	-37%	100	
112 Beverages and Tobacco	0	100	55%	57%	3%	94.2	
119 other Non-Durables	0	100	23%	19%	-18%	50	
121 Clothing & Footwear	0	100	36%	29%	-21%	50	
129 other Semi-Durables	0	100	27%	22%	-19%	50	
131 Motor Cars	0	100	16%	42%	155%	50	
139 other Durables	0	100	17%	16%	-7%	50	
211 Fuel & Lubricants	0	100	15%	16%	9%	50	
212 Food For intermediate use	0	100	11%	9%	-15%	50	
213 Chemicals	0	100	5%	6%	9%	50	
214 Textiles & Fabrics	0	100	12%	6%	-52%	50	
215 Parts & Accessories	0	100	10%	6%	-37%	50	
219 other Intermediate goods	0	100	17%	10%	-44%	50	
311 Agricultural Machinery	0	100	6%	3%	-45%	51.6	
312 Industrial Machinery	0	100	8%	5%	-41%	50.1	
313 Transport Machinery	0	100	12%	11%	-14%	56.3	
314 Mining Machinery	0	100	5%	5%	-5%	50	
315 Building Materials	0	100	19%	16%	-15%	50	
319 other Capital Goods	0	100	11%	7%	-40%	50	
900 miscellaneous	0	100	8%	3%	-62%	50	

TABLE 2 GUYANA

PRODUCT	% of exports GATT bound		Average levels and changes weighted by value of exports to: the World exc. FTA1			
	Total pre-UR	Total post-UR	% of exports affected	Post-UR applied rate	Tariff reduc-tion2	Post-UR bound rate
Agriculture	0.3	100	0.1	132.5	0.011	133
Agriculture	0.3	100	15	13.2	6.6	16.4
Fish and F	23.6	100	19.6	0.7	0.527	0.7
Wood, Pul	88.2	100	1.6	3	0.057	6.2
Textiles ar	99.9	100	99.7	16.1	1.338	16.1
Leather, R	95.7	100	60.5	2.3	0.985	2.3
Metals	97.2	100	0	1	0	6.2
Chemical &	91.5	100	86.2	7.2	1.147	10
Transport	100	100	9.5	18.9	0.068	18.9
Non-Electr	74.2	100	73.4	11.6	4.549	13.1
Mineral Pr	97.6	98.2	0	0	0.001	0.2
Manufactu	96.6	100	84.5	4.7	5.08	4.9
Industrial (	96.2	99.8	10	1.8	0.373	6
ALL MECH	54	99.9	13.1	3.3	0.669	6.8

TABLE 12 GUYANA

PRODUCT	**% of exports GATT bound**		**Average levels and changes weighted by value of exports to: the World exc. FTA1**			
	Total pre-UR	**Total post-UR**	**% of exports affected**	**Post-UR applied rate**	**Tariff reduc-tion2**	**Post-UR bound rate**
Agriculture	0.3	100	0.1	132.5	0.011	133

TABLE 13	GUYANA'S TRADE WITH CANADA								
GUYNANA'S IMPORTS AND EXPORTS TO CANADA (1988-1995)									
(value in thousands of Canadian dollars)									
	1988	1989	1990	1991	1992	1993	1994	1995	
Exporrts	15866	19994	24568	30824	39018	152172	203865	171208	
Imports	5539	4393	10144	13592	6034	9118	5517	8144	
Trade Balance	10327	15601	14424	17232	32984	143054	198348	163064	
Duty-free 1995 Exports from Guyana To Canada by Tariff Treatment ($ Cdn)									
MFN	CARIBCAN	GPT	British Preferential Tariff	Total Free	Free as % of Total Imports	CARIBCAN Exports as % of Total Exports			
152946867	534109	2901839	12346093	168728908	0.9850	0.003			
Dutiable 1995 Exports from Guyana to Canada by Tariff Treatment ($ Cdn)									
MFN	GPT	British Preferential Tariff	Total Dutiable	Dutiable as % of Total Imports					
2105982	334984	38583	2479549	1.5%					
SOURCE: STATISTICS CANADA									

TABLE 14 EU BOUND RATE OF DUTY IN 2000 AFTER WTO TARRIFICATION AND TARIFF REDUCTION
SOME SELECTED EXPORTS FROM GUYANA

Tariff item number	Description of products		Base rate of duty		Bound rate of duty		Special safeguard	Other duties and charges
		Ad valorem (%)	Other	U/B/C	Ad valorer (%)	Other		
1	2	3	4			4	6	
	Sugar							
1701.11.1(	Raw sygar,cane		424 ECU/T			339 ECU/T	SSG	
1701.11.9(	Refined sugar, in solid form,nes		524 ECU/T			419 ECU/T	SSG	
	-Rum and taffia:							
2208.40.1(	rum and tafia		1.0 ECU/%vol/hl + 5.0 ECU/hl			0.6 ECU/%vol/hl + 3.2 ECU/hl		
2208.40.90			1.0 ECU/%vol/hl			0.6 ECU/%vol/hl		
	Rice							
1006.10.1(	Rice in the husk (paddy or rough)	12			7.7			
1006.10.60			330 ECU/T			211 ECU/T	SSG	
1006.20.5!	Rice,husked (brown)		413 ECU/T			264 ECU/T	SSG	
1006.30.0(	Rice,semi-milled or wholly milled,whether or not polished or glazed		650 ECU/T			416 ECU/T	SSG	
1006.40.0(	Rice,broken		200 ECU/T			128 ECU/T	SSG	
	Palm,hearts nes,							
2008.91.0(	Palm,hearts nes	20			10			
	Ethyl alcohol							
2207.10.0(	Undernaturd ethyl alcohol strgth by vol of 80% vol/higher		30.0 ECU/hl			19.2 ECU/hl		

2008.91.0(	Undernaturd ethyl alcohol ,80%alc cont by vol&spirit,liquer& spirit bev nes	20	10	
	Chemical products			
3823.60.9:	Chemical prods,prep&resid	12 +360 ECU/T	7.7 + 230 ECL	SSG

TABLE 15	**EFFECT OF THE URUAGUAY ROUND ON GUYANA'S EXPORTS**									
				AGRICULTURAL EXPORTS						
NET EXPORTS $M AV. 1990-1992				**FINAL (2005) UR EFECT (CHANGE IN NET EXPORTS $M**					**NET EXPORTS $m.**	
MEAT,Diary(1)	Grains inc oil seeds	Sugar		MEAT,Diary(11)	Grains inc oil seeds	Sugar	Total		Pre-UR	Post-UR
-8	11	98		-0.4	-0.6	-9.4	-10.4		101	91
(1) Live animals excluded										
					OTHER EXPORTS					
	STATIC LOSS IN EXPORT EARNINGS FROM PREFERENCE EROSION AS A RESULT OF THE UR									
Fish	Metals, Minerals	Wood, Paper	chemicals	Elect. Equip	Trnspt Equip	Other Indus	OECD Imports 1992	Diversion +Creation	Revenue Chanmge	
-0.1	-1.4	-0.1	-0.1	0	0	-0.8	137.3	-1.8	-2.5	
SUMMARY OF QUANTATIVE EFFECTS OF THE UR ON EXPORT EARNINGS										
REVENUE CHANGE After UR in $M				Total World Imports		LOSS AS SHARE OF TOTAL EXPORTS (%)				
Trop	Indg	Ag	Total	1992	Share of ACP World Exports	Trop	Ind	Agr	Total World	
-0.1	-2.5	-10.4	-13	302	0.57	-0.05	-0.81	-3.44	-4.3	
	ESTIMATED NET INCOME EFFECTS FROM UR WITH VARYING ELASTICITIES OF DEMAND									
	Loss of Export Earnings as % of Exports	Potential Gains From increase in World income $m			Net Effect of UR as % of Exports to the World					
		De. El. +1	Dem. El+3		dem.el=1	dem.el=3				
	-4.3	3.17	9.51		-3.25	-1.15				

Agriculture	0.3	100	15	13.2	6.6	16.4
Fish and F	23.6	100	19.6	0.7	0.527	0.7
Wood, Pul	88.2	100	1.6	3	0.057	6.2
Textiles ar	99.9	100	99.7	16.1	1.338	16.1
Leather, R	95.7	100	60.5	2.3	0.985	2.3
Metals	97.2	100	0	1	0	6.2
Chemical &	91.5	100	86.2	7.2	1.147	10
Transport	100	100	9.5	18.9	0.068	18.9
Non-Electr	74.2	100	73.4	11.6	4.549	13.1
Mineral Pr	97.6	98.2	0	0	0.001	0.2
Manufactu	96.6	100	84.5	4.7	5.08	4.9
Industrial (	96.2	99.8	10	1.8	0.373	6
ALL MECH	54	99.9	13.1	3.3	0.669	6.8

TABLE 16: US MFN TARIIFF ON SOME SELECTED EXPORTS								
		U.S Tariff Status						
1996 HTS Subheading	**Commodity Description**	**1996 col.1 Rate ore AVE (%)1**	**WTO Final Rate**	**WTO Year**	**Canada Duty-free under NAFTA**	**Mexico Duty-free under NAFTA**		
0804.30.20	Pineapples,fr	3.9	1.1cts/kg	2000	free	free		
1006.10.00	rice in the hu:	0.6	1.8cts/kg	2000	1998	2003		
1006.20.40	husked rbrow	5.3	2.1cts/kg	2000	1998	2003		
1006.30.90	rice semi-mill	3.4	1.4cts/kg	2000	1998	2003		
1006.40.00	broken rice	3.1	.44cts/kg	2000	free	2002		
4412.19.50	plywood	6.8	5.1	1999	mixed	2003		
7108.12.50	gold,nonmon	6.6	4.1	1999	free	free		
2208.40.00	rum and tafia	7.8	23.7cts/pf	2000	free	2003		
AVE= is the tariff estimated by USITC based on imports from all cpountries during Jan-Oct 1996								